



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, July 14, 2016**

San Mateo County Office of Education, Corte Madera Room
101 Twin Dolphin Drive, Redwood City, CA 94065
6:30 p.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Carolyn Raider, Agenda Administrator, at least 2 working days before the meeting at (650) 363-4739 and/or craider@smcgov.org. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Board, please fill out a speaker's slip located on the tables as you enter the Board meeting room. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Board members and other staff.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Board Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Board are requested to complete a speaker's slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Board Chair.

ACTION TO SET AGENDA and TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for the approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. CEO Report (Discussion)

2. Consideration of Alternative Rollout Schedule for Phases 2 and 3 (Discussion)
3. Adopt Budget for 2016-17 Fiscal Year (Action)
4. Adopt a Resolution delegating authority to the Chief Executive Officer to execute three Phase 1 Confirmation Agreements with Direct Energy for Resource Adequacy with terms consistent with those presented, in a form approved by the General Counsel and for terms ending December 31, 2017 (Action)
5. Marketing and Communications: Marketing Strategies for Commercial Customers (Discussion)
6. Report on Renewable vs Greenhouse Gas Free Energy (Discussion)
7. Citizen Advisory Committee Report (Discussion)
8. Board Members' Reports (Discussion)

CONSENT AGENDA

9. Approval of the minutes for the June 23, 2016 meeting (Action)
10. Adopt Policies Regarding Customer Confidentiality, Prohibition of Untrue Statements, Bad Debt, and Terms and Conditions of Service (Action)

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated the Office of Sustainability, located at 455 County Center, 4th Floor, Redwood City, CA 94063, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site. The website is located at: <http://www.peninsulacleanenergy.com>.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: July 12, 2016
BOARD MEETING DATE: July 14, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Alternative Rollout Schedule for Customer Phases

RECOMMENDATION:

Receive information from staff and provide input on an alternative rollout schedule for phases 2 and 3 for PCE customer enrollment.

BACKGROUND:

Peninsula Clean Energy is preparing for the enrollment of its first phase of customers during the month of October 2016. The first phase consists of municipal accounts, small and medium commercial accounts, and 20% of the residential accounts. PCE's technical study proposed that the rollout of the second phase, consisting of large commercial and an additional 35% of residential accounts, would occur in April 2017. The technical study proposed the rollout of the third phase, consisting of the remaining 45% of residential accounts and agricultural, pumping, and streetlight accounts, would occur in October 2017.

PCE's Implementation Plan, certified by the California Public Utilities Commission on June 8, 2016, described a similar schedule, but also noted that "The Board may also evaluate other phase-in options based on then-current market conditions, statutory requirement and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts."

DISCUSSION:

PCE staff would like to discuss accelerating the rollout with three possible options:

1. Leave the second phase in April 2017 and move the third phase to June 2017.

2. Combine phases 2 and 3 to April 2017.

The multiple reasons for considering this schedule change as well as the financial impacts to PCE will be discussed.

FISCAL IMPACT:

There is no fiscal impact associated with discussion of this item.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: July 13, 2016
BOARD MEETING DATE: July 15, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Adopt Budget for 2016-17 Fiscal Year

RECOMMENDATION:

Receive information on five-year forecasted budget and receive information and approve monthly budget for 2016-17 fiscal year.

BACKGROUND:

A monthly budget breakdown and five year forecast are presented in the attachments. The budget is comprehensive of the foreseeable expenses including staffing, energy procurement, energy programs, outreach, consultants, operational costs, and loan repayment. The five year forecast details revenues, expenses, and reserve funds for FY 2017 – 2021.

In addition to a monthly breakdown and five year expense forecast, three budget scenarios are presented. Each scenario reflects a different enrollment start date for phases 2 and 3 customers with the respective budget differences.

DISCUSSION:

PCE staff have developed three options for the 2016-17 fiscal year monthly budget (see attached). Each budget is adjusted according to alternatives for PCE's rollout schedule. PCE staff are recommending adjusting the rollout schedule to move Phase 3 of enrollment from October 2017 to June or April 2017. Accelerating Phase 3 has the potential to increase PCE's revenue stream by maximizing revenue from summer rates and purchasing power at lower prices, as well as to provide additional environmental

benefits. These potential changes in revenue are reflected in the budget options. The budget options are as described:

- Budget Scenario A: Budget for current phasing schedule (Phase 3 in October 2017)
- Budget Scenario B: Budget for phasing schedule in which Phase 3 customers are enrolled in June 2017
- Budget Scenario C: Budget for phasing schedule in which Phases 3 customers are enrolled in April 2017 (combine Phases 2 and 3)

Staff recommends adopting Budget Scenario B or C, in accordance with accelerating the enrollment schedule for Phase 3.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this presentation.

ATTACHMENTS:

Budgets A, B, and C.

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario A: Original Rollout Schedule

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	78,484,862	207,751,915	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	243,709	642,929	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	90,728,571	208,394,843	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	66,799,257	173,654,043	185,098,063	189,292,365	195,363,394
Net Energy Metering Program	-	-	-	-	-
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,000,538	3,192,371	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	412,671	1,322,265	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	74,696,516	187,699,298	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,032,054	20,695,545	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,386,429	10,419,742	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	274,697	727,132	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,296,126	11,146,874	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,735,929	9,548,671	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,735,929	20,284,600	28,844,248	42,928,732	49,160,160
Cumulative Rate Stabilization Fund	4,386,429	14,806,171	26,046,785	37,651,962	49,664,034
Cumulative Bad Debt Reserve	274,697	1,001,829	1,786,298	2,596,275	3,434,723

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario A: Original Rollout Schedule

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	9,036,846	17,722,934	17,433,484
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	35,415	45,610	44,904
Other Revenue - Bank Loan	3,000,000					9,000,000						
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	9,072,261	17,768,545	17,478,388
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	9,534,620	12,268,149	12,108,026
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	174,463	174,463	174,463
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	55,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	75,564	70,816	70,816
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	10,450,267	13,269,049	13,183,926
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,378,007)	4,499,495	4,294,461
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve		-	-	273,538	306,099	755,555	288,183	281,670	265,425	453,613	888,427	873,919
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	31,629	62,030	61,017
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	485,242	950,458	934,937
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,863,249)	3,549,038	3,359,525
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,827,366	7,376,404	10,735,929
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,624,082	3,512,509	4,386,429
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	151,650	213,680	274,697

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario B: Move Phase 3 to June 2017

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	80,177,758	217,579,542	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	249,197	674,783	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	92,426,955	218,254,325	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	68,278,953	182,222,458	185,098,063	189,292,365	195,363,394
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,121,643	3,555,686	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	466,576	1,464,990	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	76,351,223	196,773,753	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,075,732	21,480,572	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,471,348	10,912,716	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	280,622	761,528	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,386,970	11,674,245	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,688,762	9,806,327	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,688,762	20,495,089	29,054,737	43,139,220	49,370,649
Cumulative Rate Stabilization Fund	4,471,348	15,384,064	26,624,678	38,229,855	50,241,927
Cumulative Bad Debt Reserve	280,622	1,042,151	1,826,620	2,636,597	3,475,045

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario B: Move Phase 3 to June 2017

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	9,036,846	17,722,934	19,126,381
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	35,415	45,610	50,391
Loan advances - credit line												
Loan advances - bank term loan												
Other Revenue - Bank Loan	3,000,000					9,000,000						
Other Revenue - Bank Loan												
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	9,072,261	17,768,545	19,176,772
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	9,534,620	12,268,149	13,587,722
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	174,463	174,463	295,568
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	55,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	75,564	70,816	124,722
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	10,450,267	13,269,049	14,838,633
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,378,007)	4,499,495	4,338,139
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve		-	-	273,538	306,099	755,555	288,183	281,670	265,425	453,613	888,427	958,839
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	31,629	62,030	66,942
Pre-Startup Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	485,242	950,458	1,025,781
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,863,249)	3,549,038	3,312,358
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,827,366	7,376,404	10,688,762
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,624,082	3,512,509	4,471,348
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	151,650	213,680	280,622

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario C: Move Phase 3 to April 2017

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	85,882,760	217,579,542	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	267,843	674,783	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	98,150,603	218,254,325	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	73,298,147	182,222,458	185,098,063	189,292,365	195,363,394
Net Energy Metering Program	-	-	-	-	-
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,363,853	3,555,686	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	564,892	1,464,990	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	81,710,942	196,773,753	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,439,661	21,480,572	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,757,530	10,912,716	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	300,590	761,528	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,693,120	11,674,245	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,746,541	9,806,327	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,746,541	20,552,868	29,112,516	43,196,999	49,428,428
Cumulative Rate Stabilization Fund	4,757,530	15,670,246	26,910,860	38,516,038	50,528,110
Cumulative Bad Debt Reserve	300,590	1,062,118	1,846,587	2,656,564	3,495,012

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario C: Move Phase 3 to April 2017

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	10,769,271	20,566,913	20,254,978
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	41,186	54,827	54,050
Other Revenue - Bank Loan	3,000,000					9,000,000						
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	10,810,457	20,621,740	20,309,028
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	11,088,383	14,747,115	14,574,186
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	295,568	295,568	295,568
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	110,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	129,469	119,974	119,974
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	12,179,042	15,918,278	15,820,350
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,368,584)	4,703,462	4,488,679
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve	-	-	-	273,538	306,099	755,555	288,183	281,670	265,425	540,523	1,031,087	1,015,451
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	37,692	71,984	70,892
Pre-Startup Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	578,215	1,103,071	1,086,344
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,946,799)	3,600,391	3,402,335
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,743,816	7,344,206	10,746,541
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,710,992	3,742,079	4,757,530
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	157,713	229,697	300,590



PENINSULA CLEAN ENERGY
JPA Board Correspondence
General Counsel

DATE: July 12, 2016
BOARD MEETING DATE: July 14, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable PCE Joint Powers Board

FROM: John C. Beiers, County Counsel/General Counsel
David A. Silberman, Chief Deputy County Counsel/General Counsel

SUBJECT: Approval of Resource Adequacy Confirmations

RECOMMENDATION:

Adopt a Resolution delegating authority to the Chief Executive Officer to execute three Phase 1 Confirmation Agreements with Direct Energy for Resource Adequacy with terms consistent with those presented, in a form approved by the General Counsel and for terms ending December 31, 2017

BACKGROUND:

On June 23, 2016 the Board authorized the CEO to execute various agreements related to purchase of power.

On June 29, 2016 the three short-listed energy service providers provided final pricing and Janis Pepper, in consultation with members of this Board (Dave Pine, Pradeep Gupta, Jeff Aalfs, Carole Groom, John Keener, Donna Colson and Rick DeGolia), PEA (John Dalessi, Brian Goldstein and Kirby Dusel), Jim Eggemeyer and Steve Hall, selected Direct Energy to serve as the Phase 1 Energy Service provider for a term of 51 months.

DISCUSSION:

Once it launches, Peninsula Clean Energy will be required to provide what is called

“Resource Adequacy”. The CPUC has explained Resource Adequacy as follows:

The CPUC adopted a Resource Adequacy (RA) policy framework (PU Code section 380) in 2004 to in order to ensure the reliability of electric service in California. The CPUC established RA obligations applicable to all Load Serving Entities (LSEs) within the CPUC’s jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). The Commission’s RA policy framework – implemented as the RA program -- guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC’s RA program now contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015). System requirements are determined based on the each LSEs CEC adjusted forecast plus a 15% planning reserve margin. Local requirements are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency. Flexible Requirements are based on an annual CAISO study that currently looks at the largest three hour ramp for each month needed to run the system reliably. There are two types of filings; Annual filings (filed on or around October 31st) and monthly filings (filed 45 calendar days prior to the compliance month).

For the annual filings, LSEs are required to make an annual System, Local, and Flexible compliance showing for the coming year. For the System showing, LSEs are required to demonstrate that they have procured 90% of their System RA obligation for the five summer months the coming compliance year. Additionally each LSE must demonstrate that they meet 90% of its Flexible requirements and 100% of its local requirements for each month of the coming compliance year. For the monthly filings LSEs must demonstrate they have procured 100% of their monthly System and Flexible RA obligation. Additionally, on a monthly basis from May through December, LSEs must demonstrate they have met their revised (due to load migration) local obligation.

This is a regulatory requirement. PCEA is not purchasing actual energy. It is paying to ensure that there is enough generation on the grid to ensure reliability. Further, because the regulatory requirements evolve over time, it has been recommended that we not contract for the entirety of Phase I. Accordingly, these confirmations only cover regulatory requirements through December 31, 2017 and only portions of Phase I volumes.

When Peninsula Clean Energy requested proposals for energy, it asked proposers to also propose Resource Adequacy as well. Direct Energy had the most economically competitive proposal for Resource Adequacy. Because of this and because Direct Energy was also selected as PCEA’s Phase I energy service provider, staff believes it makes the most sense to also choose it for Resource Adequacy. Staff has negotiated

three additional “Confirmation” agreements for the required products with the assistance of Steve Hall. There is a separate Confirmation for the “System”, “Local” and “Flexible” requirements. Because differences between the three confirmation agreements are not materially significant in the context of the transaction, the Board is being presented only one version of the three agreements.

**MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER - RESOURCE ADEQUACY
BETWEEN
ENERGY AMERICA, LLC
AND
PENINSULA CLEAN ENERGY AUTHORITY**

This Confirmation Letter ("Confirmation") confirms the Transaction between Energy America, LLC, a Delaware limited liability company ("Seller") and Peninsula Clean Energy Authority, a California joint powers authority ("Buyer"), and each individually a "Party" and together the "Parties", dated as of July __, 2016 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation.

This Transaction is governed by the Edison Electric Institute Master Power Purchase and Sale Agreement between the Parties, effective as of June 24, 2016 along with any annexes (including Paragraph 10 of the Collateral Annex, as applicable) and amendments thereto (collectively, the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement or the Tariff (defined herein below).

ARTICLE 1. DEFINITIONS

- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer from a Replacement Unit in accordance with the terms of Section 4.5.
- 1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body of competent jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.3 "Availability Incentive Payments" has the meaning set forth in the Tariff.
- 1.4 "Availability Standards" shall mean the availability standards set forth in Section 40.9 of the Tariff.
- 1.5 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.6 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.7 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner. For purposes of Section 1.51 of the Master Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."
- 1.8 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.2 hereof.
- 1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified for such Monthly Delivery Period in the "RA Capacity Price Table" set forth in Section 4.9.
- 1.12 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
- 1.13 "CPUC Decisions" means, to the extent still applicable, CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.

- 1.14 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.
- 1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.
- 1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.
- 1.17 "Designated RA Capacity" shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product (including any Alternate Capacity) for such Showing Month, minus (i) any reductions to Contract Quantity made by Seller pursuant to Section 4.4 and for which Seller has not elected to provide Alternate Capacity; and (ii) any reductions resulting from an event other than a Non-Excusable Event.
- 1.18 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and LAR Attributes.
- 1.19 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.20 "Flexible RAR Showing" means the Flexible RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.21 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.
- 1.22 "June 29, 2016 Confirmation" means that certain confirmation entered into by the Parties on June 29, 2016.
- 1.23 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA of competent jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.24 "LAR Attributes" means, with respect to a Unit, any and all local resource adequacy attributes (or other locational attributes related to system reliability), as they are identified as of the Confirmation Effective Date by the CPUC, CAISO, LRA, or other Governmental Body of competent jurisdiction, associated with the physical location or point of electrical interconnection of such Unit within the CAISO Control Area, that can be counted toward LAR, exclusive of any RA Attributes and Flexible RA Attributes. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.
- 1.25 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.26 "Local RAR" means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.27 "LRA" means Local Regulatory Authority as defined in the Tariff.
- 1.28 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

- 1.29 "Master Agreement" has the meaning specified in the introductory paragraph hereof.
- 1.30 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.31 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.
- 1.32 "Net Qualifying Capacity" has the meaning set forth in the Tariff.
- 1.33 "Non-Excusable Event" means any event, other than a Planned Outage and those events described under the definition of "Unit Firm" in the Master Agreement that excuse Seller's performance, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller's failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing RA Attributes, Flexible RA Attributes or LAR Attributes, as applicable.
- 1.34 "Notification Deadline" has the meaning specified in Section 4.5 hereof.
- 1.35 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.36 "Planned Outage" means, subject to and as further described in the CPUC Decisions, a CAISO-approved, planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.
- 1.37 "Product" has the meaning specified in Article 3 hereof.
- 1.38 "RA Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as they are identified as of the Confirmation Effective Date by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and Flexible RA Attributes.
- 1.39 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR or LAR and, if applicable, Flexible RAR purposes for the Delivery Period, as determined by the CAISO or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the RA Attributes, LAR Attributes, and if applicable, Flexible RA Attributes of the capacity provided by a Unit.
- 1.40 "RAR" means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.41 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction.
- 1.42 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.
- 1.43 "Replacement Unit" has the meaning specified in Section 4.5.
- 1.44 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.
- 1.45 "Scheduling Coordinator" has the same meaning as in the Tariff.
- 1.46 "Seller" has the meaning specified in the introductory paragraph hereof.
- 1.47 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

- 1.48** “Supply Plan” means the supply plan, or similar or successor filing, that a Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other applicable Governmental Body pursuant to Applicable Laws in order for the RA Attributes or LAR Attributes of such RA Capacity to count.
- 1.49** “Tariff” means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.
- 1.50** “Transaction” for purposes of this Agreement means the Transaction (as defined in the Master Agreement) that is evidenced by this Agreement.
- 1.51** “Unit” or “Units” shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.
- 1.52** “Unit EFC” means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.
- 1.53** “Unit NQC” means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, that for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.

ARTICLE 2. UNIT INFORMATION [COMPLETED FOR ALL UNITS AND REPLACEMENT UNITS TO BE USED BY SELLER FOR PURPOSES OF SUPPLYING BUYER’S RAR, LOCAL RAR AND/OR FLEXIBLE RAR]

Name	
Location	
CAISO Resource ID	
Unit SCID	
Unit NQC	
Unit EFC	
Resource Type	
Resource Category (1, 2, 3 or 4)	
Flexible RAR Category (1, 2 or 3)	
Path 26 (North or South)	
Local Capacity Area (if any, as of Confirmation Effective Date)	
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	
Run Hour Restrictions	

ARTICLE 3. RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Agreement, RA Attributes or LAR Attributes and, if applicable, Flexible RA Attributes for a Contingent Firm RA Product, as specified in Section 3.2 below (the "Product"). The Product does not confer to Buyer any right to the electrical output from the Units. Rather, the Product confers the right to include the Designated RA Capacity in RAR Showings, LAR Showings, Flexible RAR Showings, if applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell any RA Capacity from a Unit in excess of that Unit's Contract Quantity and any RA Attributes, LAR Attributes or Flexible RA Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.1 RA Attributes, LAR Attributes and Flexible RA Attributes

Seller shall provide Buyer with the Designated RA Capacity of RA Attributes, LAR Attributes and, if applicable, Flexible RA Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units. If those Units are not available to provide the full amount of the Contract Quantity as a result of a Non-Excusable Event, then, subject to Section 4.4, Seller shall have the option to notify Buyer in writing by the Notification Deadline that either (a) Seller will not provide the full Contract Quantity during the period of such non-availability; or (b) Seller will supply Alternate Capacity to fulfill the remainder of the Contract Quantity during such period. If Seller fails to provide Buyer with the Contract Quantity as a result of a Non-Excusable Event and has failed to notify Buyer in writing by the Notification Deadline that it will not provide the full Contract Quantity during the period of such non availability as provided in Section 4.4, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof. Notwithstanding anything herein to the contrary, if Seller provides less than the full amount of the Contract Quantity for any reason other than a Non-Excusable Event or in accordance with Section 4.4, Seller is not obligated to provide Buyer with Alternate Capacity or to indemnify Buyer for any resulting penalties or fines. The Product is a Contingent Firm RA Product, and with respect to this Contingent Firm RA Product, "Contingent Firm" shall have the same meaning as "Unit Firm" in the Master Agreement.

ARTICLE 4. DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period shall be: [REDACTED]

4.2 Delivery Point

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.

4.3 Contract Quantity The Contract Quantity for each Monthly Delivery Period shall be:

Contract Quantity (MWs)

Month/Year	RAR or LAR Contract Quantity (MWs)	RAR or LAR with Flexible RAR Contract Quantity (MWs)
October 2016	■	■
November 2016	■	■
December 2016	■	■
January 2017	■	■
February 2017	■	■
March 2017	■	■
April 2017	■	■
May 2017	■	■
June 2017	■	■
July 2017	■	■
August 2017	■	■
September 2017	■	■
October 2017	■	■
November 2017	■	■
December 2017	■	■

4.4 Adjustments to Contract Quantity

- (a) **Planned Outages:** If Seller is unable to provide the applicable Contract Quantity for a portion of a Showing Month due to a Planned Outage of a Unit, then Seller shall have the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to either (a) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (b) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month.
- (b) **Invoice Adjustment:** In the event that the Contract Quantity is reduced due to a Planned Outage as set forth in Section 4.4(a) above, then the invoice for such month(s) shall be adjusted to reflect a daily pro rata amount for the duration of such reduction.
- (c) **Reductions in Unit NQC and/or Unit EFC:** Seller's obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced if the Unit experiences a reduction in Unit NQC and/or Unit EFC as determined by the CAISO. If the Unit experiences such a reduction in Unit NQC and/or Unit EFC, then Seller has the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has sufficient remaining and available Product, and/or (ii) Alternate Capacity.

4.5 Notification Deadline and Replacement Units

- (a) The "Notification Deadline" in respect of a Showing Month shall be ten (10) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, Flexible RAR Showings and/or LAR Showings for such Showing Month, and (b) the CAISO Supply Plan filings applicable to that Showing Month.

- (b) If Seller desires to provide the Contract Quantity of Product for any Showing Month from a generating unit other than the Unit (a "Replacement Unit"), then Seller may, at no cost to Buyer, provide Buyer with Product from one or more Replacement Units, up to the Contract Quantity, for the applicable Showing Month; provided that in each case, Seller shall notify Buyer in writing of such Replacement Units no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units and such Units meet the requirements of this Section 4.5, then such Replacement Units shall be automatically deemed a Unit for purposes of this Confirmation for the remaining portion of that Showing Month.
- (c) If Seller fails to provide Buyer the Contract Quantity of Product or Alternate Capacity for a given Showing Month during the Delivery Period, then (i) Buyer may, but shall not be required to, purchase Product from a third party; and (ii) Seller shall not be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if such failure is the result of (A) a reduction in the Contract Quantity for such Showing Month in accordance with Section 4.4, or (B) an event other than a Non-Excusable Event.

4.6 Delivery of Product

- (a) Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month.
- (b) Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, by the Notification Deadline (i) Supply Plans to the CAISO, LRA, or other applicable Governmental Body identifying and confirming the Designated RA Capacity to be provided to Buyer for the applicable Showing Month, unless Buyer specifically requests in writing that Seller not do so; and (ii) written confirmation to Buyer that Buyer will be credited with the Designated RA Capacity for such Showing Month per the Unit's Scheduling Coordinator Supply Plan.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of the Agreement, then the following shall apply:

- (a) Buyer may, but shall not be required to, replace any portion of the Designated RA Capacity not provided by Seller with capacity having equivalent RA Attributes, LAR Attributes and, if applicable, Flexible RA Attributes as the Designated RA Capacity not provided by Seller; provided, however, that if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having solely RA Attributes and no LAR Attributes or Flexible RA Attributes, and no such RA Capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having any applicable Flexible RA Attributes and/or LAR Attributes ("Replacement Capacity") by entering into purchase transactions with one or more third parties, including, without limitation, third parties who have purchased capacity from Buyer so long as such transactions are done at prevailing market prices. Buyer shall use commercially reasonable efforts to minimize damages when procuring any Replacement Capacity.
- (b) Seller shall pay to Buyer at the time set forth in Section 4.1 of the Master Agreement, the following damages in lieu of damages specified in Section 4.1 of the Master Agreement: an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity, and (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a); and (ii) the Designated RA Capacity not provided for the applicable Showing Month times the Contract Price for that month. If Seller fails to pay these damages, then Buyer may offset those damages owed it against any future amounts it may owe to Seller under this Confirmation pursuant to Article Six of the Master Agreement.

4.8 Indemnities for Failure to Deliver Contract Quantity

Subject to any adjustments made pursuant to Section 4.4, Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:

- (a) Seller's failure to provide any portion of the Designated RA Capacity due to a Non-Excusable Event;
- (b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Sections 3.2, 4.4 and 4.5;
- (c) A Unit Scheduling Coordinator's failure to timely submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder; or
- (d) any other failure by Seller to perform its obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 Monthly RA Capacity Payment

In accordance with the terms of Article Six of the Master Agreement and Section 7 of the June 29, 2016 Confirmation, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears, after the applicable Showing Month. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Section 4.4 at the time of the CAISO filing for the respective Showing Month.

RA CAPACITY PRICE TABLE

Contract Month/Year	RA Capacity Price (\$/kW-month)
October 2016	████
November 2016	████
December 2016	████
January 2017	████
February 2017	████
March 2017	████
April 2017	████
May 2017	████
June 2017	████
July 2017	████
August 2017	████
September 2017	████
October 2017	████
November 2017	████
December 2017	████

4.10 Allocation of Other Payments and Costs

Seller may retain any revenues it may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) any revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, Flexible RAR Showing, as may be applicable, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. Any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (e) above). In accordance with Section 4.9 of this Confirmation and Article Six of the Master Agreement, all such Buyer revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Buyer does not receive, and Seller shall pay such revenues to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller or the Unit's Scheduling Coordinator, owner, or operator (as applicable) fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues pursuant to Article Six of the Master Agreement against any future amounts it may owe to Seller under this Confirmation. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

ARTICLE 5. CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event other than a Non-Excusable Event, that results in a partial or full outage of that Unit, Seller shall either schedule or cause the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and shall perform all, or cause the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

ARTICLE 6. ADDITIONAL PROVISIONS

The Parties agree that this Transaction shall be subject to the following provisions from the June 29, 2016 Confirmation: Sections 7 (Monthly Billing Settlement), 8 (Compliance Reporting), 9 (No Restriction), 12 (Standard of Care and Good Faith), 13 (Customer Information and Non-Circumvention), 14 (Security Provisions) and 15 (Seller Performance Assurance).

ARTICLE 7. OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's applicable RAR, LAR and Flexible RAR. Such commercially reasonable actions shall include, without limitation:

- (a) Cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable RAR, LAR, and Flexible RAR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CPUC, the CAISO, a LRA of competent jurisdiction, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction.
- (b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, so as to maintain the purpose and intent of the Transaction agreed to by the Parties on the Confirmation Effective Date. The above notwithstanding, the Parties are aware that the CPUC and CAISO are considering changes to RAR and/or LAR in CPUC Rulemaking 11-10-023 and potentially other proceedings.

7.2 Seller Representations and Warranties

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, the CAISO, the CPUC, a LRA of competent jurisdiction, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy such third party's applicable RAR, LAR or Flexible RAR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;
- (c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR or Flexible RAR, or analogous obligations in any non-CAISO market;
- (d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, in accordance with General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (g) If Seller is the owner of any Unit, the aggregation of all amounts of applicable LAR Attributes, RA Attributes and Flexible RA Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;

- (h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by the Notification Deadline, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

ARTICLE 8. CONFIDENTIALITY

In addition to the rights and obligations in Section 10.11 of the Master Agreement, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA of competent jurisdiction in order to support its applicable LAR, RAR or Flexible RAR Showings, if applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

ARTICLE 9. BUYER'S RE-SALE OF PRODUCT

Buyer may re-sell all or a portion of the Product hereunder.

ARTICLE 10. MARKET BASED RATE AUTHORITY

Upon Buyer's written request, Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

ENERGY AMERICA, LLC

**PENINSULA CLEAN ENERGY AUTHORITY,
a California joint powers authority**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE THREE PHASE 1 RESOURCE ADEQUACY CONFIRMATION
AGREEMENTS WITH DIRECT ENERGY WITH TERMS CONSISTENT WITH THOSE
PRESENTED, IN A FORM APPROVED BY THE GENERAL COUNSEL AND FOR
TERMS ENDING DECEMBER 31, 2017**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority ("Peninsula Clean Energy") was formed on February 29, 2016; and

WHEREAS, launch of service is planned for October 2016; and

WHEREAS, Peninsula Clean Energy is in the process of purchasing power to supply Phase I of its launch; and

WHEREAS, this Spring, Peninsula Clean Energy administered a competitive process to select a Contractor capable of providing energy that is much cleaner and much more renewable than that provided by the incumbent utility and at competitive prices; and

WHEREAS, at the conclusion of that process, three Energy Service Providers (“ESP”)s were identified by the selection panel as the proposers with the most competitive proposals and indicated their ability to meet the aforementioned goals and each ESP also proposed Resource Adequacy products;

WHEREAS, On June 29, 2016 the three short-listed energy service providers provided final pricing and Janis Pepper selected Direct Energy to serve as the Phase 1 Energy Service provider for a term of 51 months;

WHEREAS, Direct Energy also provided the most competitive proposal for Resource Adequacy;

WHEREAS, PCE has negotiated Confirmation agreements with Direct Energy for each of the three Resource Adequacy products required by regulation;

WHEREAS, a draft form of the Confirmation agreements negotiated has been provided to the Board for its review, reference to which should be made for further particulars;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute three Phase 1 Resource Adequacy confirmation agreements with Direct Energy with terms consistent with those presented, in a form approved by the General Counsel and for terms ending December 31, 2017.

* * * * *

[CCO-113499]



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: July 12, 2016
BOARD MEETING DATE: July 15, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Discussion on commercial outreach strategies and partnerships for marketing

RECOMMENDATION:

Receive information and provide direction to staff regarding commercial outreach strategies and partnership for marketing.

Discuss opportunities for Board members to participate in PCE outreach activities.

BACKGROUND:

PCE will launch with a sub-set of its customers in October 2016. Phase 1 of customer enrollment will include all municipal accounts, all small and medium commercial accounts, and 20% of residential accounts. A key element to Peninsula Clean Energy's (PCE's) success is ensuring that residents, businesses, elected officials and stakeholders in San Mateo County are well informed about the program and their electricity options.

Concurrent with its outreach to residential customers, Office of Sustainability (OOS) and PCE staff have created a marketing plan targeted at PCE's small and medium commercial accounts. This includes 'traditional' businesses, such as restaurants, retail stores, office spaces, etc. In addition, it includes commercial accounts not typically classified as 'businesses,' including, but not limited to: schools, special districts, wastewater districts and water agencies. An effective marketing and outreach campaign can build brand recognition, increase positive customer sentiment towards PCE and ultimately retain customers in the program (decrease PCE's "opt-out" rate).

DISCUSSION:

Commercial and industrial customers consume the majority of electricity in San Mateo County. Consequently they have the opportunity to reduce the largest portions of energy-related greenhouse gas emissions.

PCE's commercial marketing strategies are currently focused on small and medium customer accounts who will be automatically enrolled this October. PCE plans to form and leverage existing partnerships with local organizations to execute these strategies in the most effective and efficient manner possible. The marketing strategies are as described:

Collateral: PCE and Circlepoint—PCE's marketing consultant—will provide informational collateral specific for commercial customers, including a pamphlet and FAQ sheet. PCE will also provide a 'toolkit' to commercial customers and business organizations who wish to help promote PCE. This may include: an informational postcard for customers, poster, window cling and web button.

Informational workshops: PCE will partner with local Chambers of Commerce and other business organizations to hold four in-person, informational workshops on PCE for local business owners. PCE will hold additional webinars, for those unavailable to attend the workshop.

Merchant walks: PCE staff and trained volunteers will walk key business corridors throughout the County to talk to business owners and provide information on PCE. PCE and OOS staff will host multiple interactive workshops to train volunteers on how to do merchant walks.

Website: PCE will have a dedicated section on the website for commercial customers. Commercial customers who opt-up to 100% renewable energy will be included in PCE's virtual "ECO Business Directory" and provided with additional collateral.

Presentations/tabling: PCE staff and trained volunteers will continue to table at key community events. In addition, PCE staff will continue to present to commercial and community organizations. During Phase 2 of enrollment, PCE staff will focus on 1:1 meetings and presentations with its largest commercial customers.

Partnerships: PCE will partner with commercial and community organizations to inform their audiences about PCE's coming service. PCE will provide partners with campaign collateral, draft newsletter blasts and other materials to assist to program outreach.

PCE staff has identified schools as a commercial customer type that requires specialized outreach strategies. This is based on data from other Community Choice Energy programs as well as unique circumstances that schools face, such as limited budgets and special rate classifications. School accounts include public and private institutions as

well as K-12 schools, community colleges and universities. PCE staff plan on engaging local educational organizations/associations as well as meeting individually with school superintendents, chancellors and chief business officers.

In addition, PCE staff plan to work with members of your Board, the PCE Citizens Advisory Committee and other local PCE champions to reach all types of commercial customers in San Mateo County.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this presentation.



PENINSULA CLEAN ENERGY
Joint Powers Authority Correspondence

DATE: July 12, 2016
BOARD MEETING DATE: July 14, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy Authority
SUBJECT: Presentation on Renewable Energy vs Greenhouse Free Energy White Paper

RECOMMENDATION:

Receive presentation and provide feedback on a white paper exploring the differences between renewable energy and greenhouse free energy and how to market Peninsula Clean Energy's energy content.

BACKGROUND:

On May 26, 2016, the Peninsula Clean Energy (PCE) board approved the targeted energy content of the default product to be offered at PCE's launch. Pacific Energy Advisors—PCE's technical consultants—presented a recommendation to the PCE Board as to the energy content of the default products based on such factors as the energy service providers' negotiations and current market conditions. After public comment and discussion, the PCE Board voted to approve the default product option to be at a *minimum* of 50% renewable energy content and 75% greenhouse gas- free energy content. The PCE Board voted to offer a 100% renewable energy option for a small price premium.

During discussion of the default product offering, the PCE Board explored the possibility of marketing PCE's energy options based on their greenhouse gas-free content, as opposed to their renewable energy content. To date, PCE's marketing has focused on its renewable energy content. The PCE Board directed staff to further research the topic and return with additional information in order for the Board to discuss how best to market PCE energy products.

DISCUSSION:

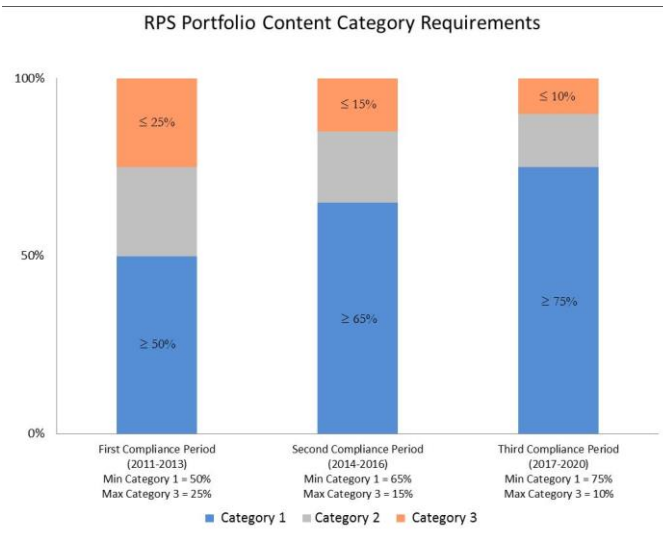
Per direction by the PCE Board, County Office of Sustainability (OOS) staff have researched and drafted a white paper on renewable vs. greenhouse gas-free energy. The white paper explores the differences between renewable and greenhouse gas-free energy; the legislative and regulatory framework around clean energy; and the pros and cons of marketing PCE based on its renewable energy content vs. its greenhouse-free energy content. The highlights of the paper are summarized below for discussion by the Board.

Renewable vs. Greenhouse Gas-Free Energy

Renewable electricity is derived from sources that do not emit carbon or other greenhouse gases and replenish on a human timescale. Under California State law, renewable energy sources include, but are not limited to, small hydropower, solar, wind, geothermal, and biomass and waste. Large hydropower and nuclear power sources are not considered renewable but are classified as greenhouse gas free.

California's Renewable Portfolio Standard (RPS) requires that all electricity retailers source: a) 33% of their energy from renewable sources by 2020; and b) 50% of their energy from renewable sources by 2030. In California, a renewable energy tracking system, called WREGIS (Western Renewable Energy Generation Information System) tracks each megawatt-hour of renewable electricity by creating a renewable energy certificate (REC). An energy retailer may purchase renewable energy "bundled" with its REC or may purchase a REC "unbundled" from the power itself. These RECs fall into three categories (or buckets): a) Category 1: energy and RECs, typically from a renewable project located in California, and delivered to a California balancing authority (CBA), which for PCE's purposes is the California Independent System Operator (CAISO); b) Category 2: energy and RECs, typically from an out-of-state renewable energy project, that is "firmed and shaped" by substituting energy from another source to meet the delivery requirements if the renewable generator operates at a different time (i.e. intermittent wind energy needs to substitute in another energy source to meet demand during times when the wind facility is not generating electricity); and c) Category 3: unbundled RECs, or RECs that do not meet Category 1 and 2 conditions (see Figure 1).

Figure 1: RPS Portfolio Content Requirements (CPUC, 2016).



Greenhouse gas-free electricity generation does not emit carbon into the atmosphere. Whereas all renewable sources are greenhouse gas free by definition (or contribute negligible amounts of carbon to the atmosphere in comparison to conventional sources), sources termed “greenhouse gas free” are not necessarily renewable. For example, large hydropower and nuclear power sources are not considered renewable under California’s definition under the RPS.

Peninsula Clean Energy & Marketing

PCE can market its clean energy product as either a “renewable” or “greenhouse gas-free” product. There are advantages and drawbacks to both.

Marketing Peninsula Clean Energy as Greenhouse Gas-Free

- A higher percentage of PCE’s default energy product is greenhouse gas-free (75%) in comparison to renewable energy (50%)
- PCE’s energy portfolio contains 15% more greenhouse gas-free energy than PG&E’s default choice (PCE is 75% GHG free while PG&E is 60% GHG-free energy)
- Future State legislation may standardize greenhouse gas emission accounting (this is currently not standardized) and potentially change the percentage of greenhouse gas-free energy that PCE can claim in its energy portfolio
- Local Climate Action Plans are based on reducing greenhouse gas emissions
- It remains unclear whether local residents more positively perceive the term “greenhouse gas-free” or “carbon free”

Marketing Peninsula Clean Energy as Renewable

- Focusing on renewable content is consistent with existing State legislation and RPS reporting requirements, possibly leading to less consumer confusion and more stable marketing
- PCE’s energy portfolio contains 20% more renewable energy than PG&E’s default choice (PCE 50% renewable while PG&E is 30% renewable)

- It remains unclear whether local residents more positively perceive the term “renewable” versus “GHG-free” energy

FISCAL IMPACT:

There is no fiscal impact associated with receiving this presentation.



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, June 23, 2016
MINUTES**

San Mateo County Office of Education, Corte Madera Room
101 Twin Dolphin Drive, Redwood City, CA 94065
6:30pm

CALL TO ORDER

Meeting was called to order at 6:30 pm.

ROLL CALL

Present: Dave Pine, County of San Mateo, *Chair*
Carole Groom, County of San Mateo
Rick DeGolia, Town of Atherton
Charles Stone, City of Belmont
Lori Liu, City of Brisbane
Sigalle Michael, City of Burlingame
Gary Pollard, City of Foster City
Laurence May, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Ann Schneider (alternate), City of Millbrae
John Keener, City of Pacifica
Jeff Aalfs, Town of Portola Valley, *Vice Chair*
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Cameron Johnson, City of San Carlos (*arrived late*)
Rick Bonilla (alternate), City of San Mateo
Pradeep Gupta, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: Joseph Silva, Town of Colma
Michael Guingona, City of Daly City
Larry Moody, City of East Palo Alto
Deborah Penrose, City of Half Moon Bay

Staff: Jan Pepper, Chief Executive Officer
David Silberman, General Counsel
Jim Eggemeyer, Director, Office of Sustainability

Danielle Lee, Deputy Director, Office of Sustainability
Michael Bolander, Office of Sustainability
Gordon Tong, Office of Sustainability
Carolyn Raider, Office of Sustainability
Kirsten Pringle, Office of Sustainability

A quorum was established.

PUBLIC COMMENT

There was no public comment on items not on the agenda.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion to approve the consent agenda and set the agenda – Made / Seconded: Bain/ DeGolia

Motion passed 17-0 (Absent: Johnson, Silva, Guingona, Moody, Penrose).

REGULAR AGENDA

1. CHAIR REPORT

Chair Pine thanked staff for working on the finance items and energy service provider contract.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—reported that PCE staff attended a tri-annual meeting for all Community Choice Energy programs in California, hosted by the California Public Utilities Commission (CPUC). Ms. Pepper provided an update on presentations and tabling PCE staff have attended. Ms. Pepper also provided an overview of the process for executing the loan and energy service provider agreements and the flows of funds into PCE's operating account.

3. LIMITED DELEGATION OF AUTHORITY TO CHIEF EXECUTIVE OFFICER TO TAKE ACTION TO SUPPORT OR OPPOSE LEGISLATION OR OTHER INITIATIVES (ACTION)

Ms. Pepper explained that there may be bills in the legislature that could negatively impact PCE. The proposed policy delegates authority to Ms. Pepper to take action on pending legislature without first receiving Board approval under certain parameters. These parameters are outlined in the policy.

There was a question and comment regarding whether Board members could get an advanced copy of the bill.

Motion to approve– Made / Seconded: Yost/May

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

4. ADOPT A RESOLUTION AUTHORIZING THE INCURRENCE BY PCEA OF INDEBTEDNESS IN THE FORM OF A LOAN OR LOANS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FROM BARCLAYS BANK PLC, THE EXECUTION AND DELIVERY OF A TERM LOAN AGREEMENT AND AN ACCOUNT CONTROL AGREEMENT IN CONNECTION THEREWITH, THE CREATION OF AN OPERATING FUND ACCOUNT, AND CERTAIN OTHER RELATED ACTIONS (ACTION)

Danielle Lee—Deputy Director of the Office of Sustainability—presented on the proposed bank loan with Barclay’s Bank. Ms. Lee explained the purpose of the loan, loan details and the conditions that would trigger loan default. Ms. Lee also pointed out changes to the initial loan terms that were sent out in the agenda packet and stated that the loan documents were reviewed by a third-party.

There were questions regarding prepayment penalty, borrowing money from the County, interest on the collateral, material adverse change and frequency on which financial updates will be provided to the Board.

Public Comment: Karl Van Orsdol, City of Palo Alto

Motion to approve– Made / Seconded: DeGolia/Schneider

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

5. ADOPT A RESOLUTION AUTHORIZING THE CHAIR OF THE BOARD TO EXECUTE A LOAN AGREEMENT BETWEEN PCEA AND THE COUNTY OF SAN MATEO IN THE AMOUNT OF \$6,000,000 TO BE REPAYED TO THE COUNTY BY PCEA, FOR THE PURPOSES OF SECURING A BANK LOAN TO ADDRESS CERTAIN WORKING CAPITAL NEEDS AT VARIABLE RATES PROVIDED IN THE AGREEMENT (ACTION)

Ms. Pepper presented on the loan agreement between PCE and the County of San Mateo. Ms. Pepper discussed the purpose of the loan, loan details and repayment terms.

There was a comment regarding the loan term. There was a questions regarding the interest rate.

Motion to approve– Made / Seconded: Bonilla/Stone

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

6. ADOPT A RESOLUTION AUTHORIZING THE CHAIR OF THE BOARD TO EXECUTE A LOAN AND REPAYMENT AGREEMENT BETWEEN PCEA AND THE COUNTY OF SAN MATEO IN THE AMOUNT OF \$2,980,000 TO BE REPAYED TO THE COUNTY BY PCEA, FOR THE PURPOSES OF ADDRESSING CERTAIN WORKING CAPITAL NEEDS AT VARIABLE RATES PROVIDED IN THE AGREEMENT (ACTION)

Ms. Pepper presented on the loan and repayment agreement between PCE and the County of San Mateo for addressing certain working capital needs. Ms. Pepper discussed the purpose of the loan, loan details and repayment terms.

There was a question regarding the loan term and potential for another loan in the future.

Motion to approve– Made / Seconded: Bain/Pollard

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

7. REVIEW AND ADOPT CUSTOMER RATES FOR POWER THAT WILL BE EFFECTIVE ON OCTOBER 1, 2016 (ACTION)

John Dalessi—Pacific Energy Advisors—presented on the proposed customer rate schedules and generation rates for PCE. Mr. Dalessi explained that the rate schedules were similar to Pacific Gas & Electric's (PG&E's) and that the rates were designed to offer customers a 5% net reduction in generation costs. Mr. Dalessi discussed potential PG&E rate changes in 2017; described the proposed 36 rate schedules; and explained how the generation rates were calculated. Mr. Dalessi also stated that ECO100—the 100% renewable energy option—with have \$.01 price premium, in addition to the customer's regular generation rate.

There were questions regarding: net energy metering; the potential for simplifying rate schedules; low-income and medical rate structures; reach donations; the franchise fee surcharge; and electric vehicle rate structures.

There were comments regarding the 5% net reduction in generation costs; how to market the rate reduction; offering the ECO100 product at a higher price; allowing customers to donate to PCE; and making a policy goal to reach 100% renewable.

The Board members also discussed waiving the administrative fee for customers opting-out beyond their initial enrollment period.

Public Comments: Diane Bailey, Menlo Spark; James Tuleya, Sunnyvale; Michael Closson

Motion to approve– Made / Seconded with the modification that the “opt-out fee” for customers departing after the initial opt-out period would be waived for the first year following launch: Bonilla/Pollard

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

8. ADOPT A RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO: A) EXECUTE PHASE 1 CONFIRMATION AGREEMENT WITH ENERGY SERVICES PROVIDER SELECTED BY CHIEF EXECUTIVE OFFICER, B) EXECUTE MASTER AGREEMENT WITH THREE SHORT-LISTED ENERGY SERVICES PROVIDERS, AND C) EXECUTE AN INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT, SECURITY AGREEMENT AND DEPOSIT ACCOUNT CONTROL AGREEMENT WITH WILMINGTON AND TRANSFER FUNDS TO WILMINGTON TRUST NATIONAL ASSOCIATION SUFFICIENT TO MEET CONTRACTUAL OBLIGATIONS UNDER THE FOREGOING AGREEMENTS

David Silberman—Office of County Counsel—presented on the confirmation agreement, the master agreements and the intercreditor and collateral agency agreement with Wilmington Trust. Mr. Silberman noted that the agreements were mostly the same as those presented at the previous Board meeting. He also noted that the differences between the various agreements were not in the context of the transaction as a whole. Mr. Silberman also explained the process for selecting the energy service provider and finalizing the contracts.

There were questions regarding the energy mix, use of local renewable energy and differences between the energy service providers.

Motion to approve– Made / Seconded: Stone/May

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

7. BOARD MEMBERS' REPORTS

None

ADJOURNMENT

Meeting was adjourned.

Chair

Attest:

Secretary



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: July 12, 2016
BOARD MEETING DATE: July 14, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Review and Adopt Policies Regarding Customer Confidentiality, Prohibition of Untrue Statements, Bad Debt and Terms and Conditions of Service

RECOMMENDATION: Adopt policies regarding customer confidentiality, prohibition of untrue statements, bad debt and terms and conditions of service, as recommended by the Executive Committee.

BACKGROUND:

Marin Clean Energy (MCE) and Sonoma Clean Power (SCP), two California operational Community Choice Energy (CCE) programs, have adopted policies to help govern their organizations.

On July 23, 2016, your Board adopted its first policy, delegating authority to the Chief Executive Officer to take limited legislative action. At a meeting on June 29th, the Peninsula Clean Energy (PCE) Executive Committee discussed potential policies that PCE may decide to adopt. The Executive Committee recommended adoption of policies regarding prohibition of untrue statements and customer confidentiality. On July 11th, the Executive Committee held a meeting and recommended adoption of policies regarding bad debt and customer terms and conditions of service. Staff is recommending that your Board approve the policies recommended by the Executive Committee.

DISCUSSION:

Policy matrix

Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) have identified policies to guide their respective Board of Directors. These policies include:

1. Customer Confidentiality
2. Bad Debt
3. Prohibition of Untrue Statements
4. Risk Management Controls/Procedures

5. Reserve Policy (MCE) Surplus Income, Operating Reserve, Debt and Programs (SCP)
6. Information technology/Security
7. Terms and Conditions of Service
8. CEO Spending Authority
9. Sustainable Workforce Policy
10. Process for Amending/Adopting Policies
11. Records Retention
12. Social Media
13. Accounts Receivable Reserves
14. Delinquent Accounts/Collections
15. CAISO
16. Infants in the Workplace
17. Dogs in the Workplace
18. Inclusion of New Communities/Expansion

The attachment, CCE Operational Board Policy Matrix (Matrix), references each policy as it currently stands for MCE and SCP.

Peninsula Clean Energy can choose whether or not to adopt all the policies MCE and SCP have adopted, modify them or decline to adopt one or more. For each item, a timeline of urgency is suggested under the column titled, “when to prioritize for PCE.”

Policies on customer confidentiality, prohibition against untrue statement and bad debt

As noted on the Matrix, the first three items are suggested as top policy priorities to be adopted at this time: 1) customer confidentiality, 2) bad debt, and 3) prohibition of untrue statements. As noted above, the Executive Committee discussed these policies and recommended adoption of the policies on customer confidentiality and prohibition untrue statements. Staff conducted additional research on the policy on bad debt, per the Committee’s direction. At its next regular meeting on July 11, the Executive Committee discussed and approved adoption of the policy on bad debt and terms and conditions of service.

Terms and conditions of service

PCE’s terms and conditions of service are based on standard language from other CCEs and adapted to reflect PCE’s unique product offerings. The terms and conditions include information on rates, billing, enrollment, opting-out and customer failure to pay. PCE customers are subject to Pacific Gas & Electric’s (PG&E’s) terms and conditions if they opt-out; this includes a provision requiring those customers to stay with PG&E for at least one year.

All customer enrollment notifications will include PCE’s standard terms and conditions. However, the terms and conditions for the early adopter program, which allows customers to begin receiving PCE service earlier than their assigned enrollment period, include language waiving the customer’s right to receive enrollment notifications. Early adopter customers will be notified of their terms and conditions when they enroll as an early adopter on the PCE website or call the customer call center. The Executive Committee recommended adoption of both the terms and conditions of service and terms and conditions of service for early adopters.

Staff is recommending that your Board adopt the policies for customer confidentiality, bad debt, prohibition against untrue statements, terms and conditions of service, and terms and conditions of service for early adopters.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this memo and adopting these policies.

ATTACHMENTS

CCE Operational Board Policy Matrix

PCE Policy 2: Customer Confidentiality

PCE Policy 3: Bad Debt

PCE Policy 4: Prohibition of Untrue Statements

PCE Policy 5: Terms and Conditions of Service

PCE Policy 6: Terms and Conditions of Service for Early Adopters

CCE Operational Board Policy Matrix Recommendations for PCE Consideration

Notes:

1. These policies are from Marin Clean Energy and Sonoma Clean Power; current as of April 2016
2. This list does not include HR-related policies
3. PCE may wish to consider other policies not contemplated here as the Agency matures and progresses
4. Timeframe references: Now = Summer 2016; Soon = Fall/Winter 2016; Later = early 2017

POLICY TITLE	Description	CCE REFERENCE	WHEN FOR PCE?	NOTES
1. Board Member Conflict of Interest	Standard C of I policy for seated Board members		Completed	
2. Limited Delegated Authority to CEO for Regulatory and Legislative Matters	Authorizes CEO to respond to requests for regulatory and legislative action that directly impact PCE and its operations		Completed	Approved by Board at June 23 meeting
3. Customer Confidentiality	Personal information of customers will not be shared unless necessary to conduct PCE business.	MCE 01/SCP A.1	Now	Language is similar; tailor to PCE
4. Bad Debt	A set percentage revenue reserve to cover bad debt; to be reviewed annually.	MCE 02/SCP B.4	Now	Language is consistent; non controversial
5. Prohibition of Untrue Statements	Prohibits PCE-related dissemination of rates or terms and conditions of service that are untrue or misleading.	MCE 04/SCP D.1	Now	Brief statement; non controversial
6. Risk Management Controls/Procedures	Processes to regularly monitor, report and manage risk such as credit, liquidity and market risk.	MCE 05/SCP C.1	Soon	Important for PCE; needs tailoring to its program
7. Reserve Policy (MCE) Surplus Income, Operating Reserve, Debt and Programs (SCP)	Budgeting policy to allow for long-term financial stability, debt reduction and/or new projects	MCE 13/SCP B.2	Soon	Important for PCE; needs research/tailoring to its program
8. Information Technology Security	Policies and standards developed by IT security team to manage regulatory compliance, staff training, customer satisfaction and minimize legal and criminal risk related to information.	MCE 09	Soon	Non controversial
9. Terms and Conditions of Service	Regularly reviewed customer service policy that provides information on rates, billing, enrollment, opting out and failure to pay.	SCP A.2	Soon	Worth reviewing for PCE relevance
10. CEO Spending Authority	Outlines specific expenditures authorized by CEO without prior Board or committee approvals.	SCP B.1	Partially completed	Worth reviewing SCP policy and tailoring for PCE relevance; cross reference language in current JPA agreement

As of June 27, 2016

11. Sustainable Workforce Policy	Supporting and using: local businesses, green/sustainable businesses, union members, training/apprenticeship programs within CCE service territory.	MCE 11	Soon	Notable that SCP does not have this policy; potentially controversial and requires addtl research
12. Process for Amending/Adopting Policies	Procedures to review new or amend policies.	SCP D.3	Now/Soon	Not sure if needed; worth reviewing
13. Records Retention	The length of time records of various types will be retained and/or discarded.	MCE 03/SCP D.2	Soon	Language is similar; non controversial
14. Social Media	Describes purpose of using these channels and defines rights/reasons for comment or post removals.	MCE 06	Soon/Later	Tailor for PCE
15. Accounts Receivable Reserves	Estimation procedure for reporting accounts receivables, net assets and earnings using historical data.	MCE 08/SCP B.3	Later	Update for PCE; non controversial
16. Delinquent Accounts/Collections	Procedure for handling customer accounts that are overdue.	SCP A.3	Later	Review to see if can combine with Bad Debt policy
17. CAISO	Outlines participation in CAISO markets and monitoring transactions.	SCP C.2	Later	Review to see if can combine with Risk Mgmt. policy
18. Infants in the Workplace	Allows infants in the workplace up to a specific age subject to job responsibility and acceptable work performance.	MCE 10	Later	If needed
19. Dogs in the Workplace	Allows dogs in the workplace subject to certain health and behavioral conditions.	MCE 12	Later	If needed
20. Inclusion of New Communities/Expansion	Considerations when exploring program expansion to areas outside "original" region.	MCE 7/SCP D.4	N/A	If needed in future

Subject: Customer confidentiality

Policy: Peninsula Clean Energy Authority (PCEA), its employees, agents, contractors, and affiliates will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption except where reasonably necessary to conduct PCEA's business or to provide services to customers as required by the California Public Utilities Commission (CPUC). Examples of reasonably necessary business purposes include but are not limited to when such disclosure is necessary to (a) comply with the law, regulation or court order; (b) enable PCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; (e) resolve customer disputes or inquiries; (f) communicate about demand response, energy efficiency, energy management, and conservation programs, or (g) in situation of imminent threat to life or property. PCEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data that cannot be traced to specific customers may be released at PCEA's discretion.

PCEA will handle customer energy usage information in a manner that is fully compliant with the California Public Utility Commission's required privacy protections for customers of Community Choice Aggregators defined in Decision 12-08-045.

Subject: Bad debt

Policy: Peninsula Clean Energy Authority (PCEA) shall include an annual budgetary reserve for bad debt. The reserve shall initially be established at 0.35% of revenues. Thereafter, on an annual basis, if actual collections experience so indicates, the bad debt reserve shall be modified appropriately.

Subject: Prohibition Against Dissemination of Untrue or Misleading Information

Policy: Dissemination by Peninsula Clean Energy Authority (PCEA) (i.e. Board and Committee Members, and/or PCEA Staff, and/or PCEA representatives acting under authorized PCEA direction) of any statement relating to PCEA's rates or terms and conditions of service that is untrue or misleading, and that is known, or that, by the exercise of reasonable care, should be known, to be untrue or misleading is strictly prohibited. Individuals who violate this Policy may be, as determined by the Board, subject to corrective action.



Policy Number: 5

Adoption Date:

Subject: Terms and Conditions of Service

Policy:

From time-to-time, Peninsula Clean Energy must provide “Terms and Conditions” of service to customers and potential customers. When necessary or appropriate, it is the policy of Peninsula Clean Energy to include the following terms in conditions language for that purpose:

RATES: Peninsula Clean Energy (PCE) electric generation rates are proposed to be stable and cost-competitive. Any changes to rates will be adopted at duly noticed public meetings of the Peninsula Clean Energy JPA Board. Changes to PG&E or PCE rates will impact cost comparisons between PCE and PG&E. PG&E charges PCE customers a monthly Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. These fees are always included in our cost comparisons. View PCE rates and PG&E cost comparisons online or call (866) 966-0110 for more information. These rates and cost comparisons may change over time. Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance) and Medical Baseline Allowance remain the same with PCE. If you are enrolled in any of these programs with PG&E, you will continue to be enrolled if you choose PCE.

BILLING: You will receive a single monthly bill from PG&E that includes PCE’s power generation charges. PCE’s electric generation charge replaces PG&E’s electric generation charge. PCE’s charge is not a duplicate charge or extra fee. PG&E will continue to charge you for electric delivery services. If you opt out of PCE, PG&E will resume charging you for electric generation.

ENROLLMENT: California State Assembly Bill 117, passed and signed into law in 2002, requires that Community Choice Aggregation programs like PCE operate as the primary electric generation service provider through an automatic enrollment process. Accounts within PCE’s service area are automatically enrolled with PCE’s ECOplus renewable energy service unless the account holder chooses to opt out or sign up for ECO100 100% renewable energy. Account holders may request to opt out at any time. Account holders may also choose ECO100 100% renewable energy. To opt out, or to sign up for ECO100, call (866) 966-0110 or visit PeninsulaCleanEnergy.com. Please have your PG&E account information on hand to process your request.

OPT OUT: You may request to opt out of PCE at any time by calling (866) 966-0110. Please have your PG&E account information on hand to process your request. There is no fee to opt out before your PCE service starts or within 60 days after your PCE service starts. After that time, there is a one-time administrative fee (\$5 residential and \$25 commercial); however PCE is waiving this fee for the first year of a customer’s enrollment with PCE. Please be advised that if

you do opt out and return to PG&E, you will not have the option to return to PCE for a full year, subject to PG&E's terms and conditions of service. Accounts will be transferred on the day the electric meter is read and cannot be transferred during the middle of a billing cycle. In order for your request to be processed on your next meter read date, your request must be received at least 5 business days prior to the date on which the meter is read. To opt out, please call PCE or visit PeninsulaCleanEnergy.com. Have your electric bill handy so that we can help you.

FAILURE TO PAY: Peninsula Clean Energy may transfer your account to PG&E upon 14 calendar days' written notice if you fail to pay your bill. If your service is transferred, you will be required to pay the termination fee described above.





Policy Number: 6

Adoption Date:

Subject: Terms and Conditions of Service for Early Adopters

Policy:

From time-to-time, Peninsula Clean Energy must provide “Terms and Conditions” of service to customers and potential customers who have opted to become “early adopters” of PCE service by enrolling prior to their originally scheduled phase-in date. When necessary or appropriate, it is the policy of Peninsula Clean Energy to include the following terms in conditions language for that purpose:

You have selected one or more Service Account(s) to enroll early in Peninsula Clean Energy (“positive enrollment”). These terms and conditions apply to your Service Account(s) not already enrolled or not yet scheduled for automatic enrollment in Peninsula Clean Energy.

RATES: Peninsula Clean Energy (PCE) electric generation rates are proposed to be stable and cost-competitive. Any changes to rates will be adopted at duly noticed public meetings of the Peninsula Clean Energy JPA Board. Changes to PG&E or PCE rates will impact cost comparisons between PCE and PG&E. PG&E charges PCE customers a monthly Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. These fees are always included in our cost comparisons. View PCE rates and PG&E cost comparisons online or call (866) 966-0110 for more information. These rates and cost comparisons may change over time. Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance) and Medical Baseline Allowance remain the same with PCE. If you are enrolled in any of these programs with PG&E, you will continue to be enrolled if you choose PCE.

BILLING: You will receive a single monthly bill from PG&E that includes PCE’s power generation charges. PCE’s electric generation charge replaces PG&E’s electric generation charge. PCE’s charge is not a duplicate charge or extra fee. PG&E will continue to charge you for electric delivery services. If you opt out of PCE, PG&E will resume charging you for electric generation.

ENROLLMENT: California State Assembly Bill 117, passed and signed into law in 2002, requires that Community Choice Aggregation programs like PCE operate as the primary electric generation service provider through an automatic enrollment process. You hereby acknowledge and agree that you are positively enrolling your electricity account(s) in Peninsula Clean Energy and, in doing so, affirmatively waive your right to the four (4) enrollment notices prescribed by law. You further acknowledge and agree that if you opt out of Peninsula Clean Energy and return to PG&E electric generation service any time after you are positively enrolled, your electricity account(s) will be subject to PG&E’s transitional rates based on energy market prices and other terms and conditions of service. Accounts within PCE’s service area are automatically

enrolled with PCE's ECOplus renewable energy service unless the account holder chooses to opt out or sign up for ECO100 100% renewable energy. Account holders may request to opt out at any time. Account holders may also choose ECO100 100% renewable energy. To opt out, or to sign up for ECO100, call (866) 966-0110 or visit PeninsulaCleanEnergy.com. Please have your PG&E account information on hand to process your request.

OPT OUT: You may request to opt out of PCE at any time by calling (866) 966-0110. Please have your PG&E account information on hand to process your request. There is no fee to opt out before your PCE service starts or within 60 days after your PCE service starts. After that time, there is a one-time administrative fee (\$5 residential and \$25 commercial); however PCE is waiving this fee for the first year of a customer's enrollment with PCE. Please be advised that if you do opt out and return to PG&E, you will not have the option to return to PCE for a full year, subject to PG&E's terms and conditions of service. Accounts will be transferred on the day the electric meter is read and cannot be transferred during the middle of a billing cycle. In order for your request to be processed on your next meter read date, your request must be received at least 5 business days prior to the date on which the meter is read. To opt out, please call PCE or visit PeninsulaCleanEnergy.com. Have your electric bill handy so that we can help you.

FAILURE TO PAY: Peninsula Clean Energy may transfer your account to PG&E upon 14 calendar days' written notice if you fail to pay your bill. If your service is transferred, you will be required to pay the termination fee described above.

